

Understanding the Efficiency of Employees' Credit Cooperative Societies from the Perspective of Its Members: An Analytical Study

Arun H. Gaikwad,

Member, Academic Council, University of Pune Vice Principal & Head, Dept. of Accountancy, Sangamner College, Sangamner, Maharashtra, India

Abstract

In recent years it has been very often heard that the performance of ECCS has been by and large not satisfactory and liberalized new economic policies have posed threat to the survival and growth of the co-operatives. On this background, it is prime time to know that, how ECCS fulfills requirements of its members. This paper is an attempt to evaluate "The Role of ECCS in the overall development of member employees "with special reference to Ahmednagar district.

KEYWORDS: Credit society, member, co-operative, economic policies

Introduction:-

The 'world co-operative movement' is essentially an economic movement with a great moral background. Maximization of profits and distribution of high rate of dividend is not the aim of co-operative society but the aim is to earn reasonable profit and imparting the social benefits to its members. Employees' Credit Cooperative Society (ECCS) is one of the types of Non-agricultural Credit Cooperative Societies. The first Urban Co-operative Credit Society was registered in 1904 at Kanjeevaram in Madras. The first factory workers' credit co-operative society was established at Bhadoch. Another factory workers' co-operative credit society was established in the year 1912. The number of Employees' Credit Co-operative Societies in India in 1946 was 639. Later on, the number of the ECCS has rapidly grown. As far as the number of societies is concerned, there were 7211 ECCS in Maharashtra in March, 2007, out of them 215 (2.98%) ECCS were in Ahmednagar district.

Nature and Working of ECCS:

The ECCS work for the benefits of Employees' who get a regular monthly salary. The employee has no other source of income other than salary. Out of the reasonable monthly salary the employee has to meet his/her basic requirements. There is no sufficient balance left to fulfill the causal expenditure i.e. a marriage of a son or daughter, their Education, Medical Expenditure, etc. For the fulfillment of such expenditure, they require loan. Loan is necessary to complete the casual requirements of the employee. Banks cannot sanction loan to employee without any mortgage. 'Salary' is the basic source of income and is also considered as the mortgage for loan. Employee's salary is considered as Mortgage in Employees' Credit Cooperative Society. The ECCS is registered to provide the loan facility to employee with reasonable rate of interest. Quite often emergency loans are advanced very promptly besides the ECCS motivates and many times compels them to save from their monthly salary with a view to increase their credit-

worthiness and have reasonable saving at the time of retirement. Most of the Employees' join the society as a member to borrow loan till their retirement.

Objective and Research Methodology:

The basic objective of this study is to know whether the ECCS have fulfilled the requirements of the members in Ahmednagar District. In order to fulfill such objective survey method is adopted. There are 215 Employees' Credit Co-operative Societies in Ahmednagar District. Out of them, the researcher has chosen 22 ECCS, as a sample. The ECCS sample represents all types of Profession, Vocation, Employment, Ownership Patterns, Location and Size. Thus, the sample comprehensively covers all characteristics and provides a good basis for the present study. Primary data was collected through questionnaire. It was prepared only for the selected members of the ECCS to study whether the ECCS have fulfilled the requirements of the members. The members from the sample ECCS were selected randomly. These questionnaires were personally administrated by the researcher for the 200 selected members of the ECCS. Secondary data was collected through various public sources for the review of literature. Thus a five year span was chosen for the study.

Hypotheses of the Research:

ECCS in Ahmednagar District have a noteworthy contribution by catering to the needs of member employees.

Review of opinion survey of members of ECCS

ECCS in Ahmednagar District has made noteworthy contribution by catering the need of the member's employee. Following table is showing opinion of members through questionnaires.

Sr. No.	Particulars of Opinion	Positive Opinion (%)	Negative Opinion (%)
1	Whether member has availed loan from ECCS?	73.84	26.16
2	Whether member has used their loan for development of family or construction of house/purchase of plot and other purpose?	72.30	27.70
3	Whether any difficulties are experienced in getting loan?	98.46	1.54
4	Whether loan has sanctioned within 8 days from submission of loan application?	84.62	15.38
5	Whether policy of sanctioning loan is easy?	96.92	3.08
6	Whether management of ECCS is effective?	98.46	1.54
7	Whether recovery process is satisfactory?	100.00	0.00
8	Whether ECCS is run welfare scheme to members?	84.61	15.29

9	Whether the financial position and standard of living of member is increased due to loan facility provided by ECCS?	100.00	0.00
10	Whether the member has remained director?	35.38	64.62
11	Whether board of directors meeting of ECCS is held regularly?	98.46	1.54
12	Whether the member has participated in decision-making process in AGM?	96.92	3.08
13	Whether ECCS is under the influence of the employer of respective ECCS?	78.46	21.54
14	Whether member attending annual general meeting of ECCS are regularly?	96.92	3.08
15	Whether the office bearers are honest?	87.69	12.31
16	Whether general working of ECCS is satisfactory?	83.07	16.93
17	Whether ECCS is self-reliant?	80.00	20.00
18	Whether ECCS is facing problem of inadequate capital?	83.07	16.93
19	Whether books of accounts of ECCS are up to date?	89.23	10.77
20	Whether audit system of ECCS is satisfactory?	95.38	4.62

It has been tested and proved that ECCS in Ahmednagar District has made noteworthy contribution by catering the need of the member's employee.

1. 73.84% members of ECCS fulfilled their financial needs through ECCS and remaining 26.16% member of ECCS fulfilled their financial needs through other financial institutions.
2. Out of above members 38.06% are the members of another credit co-operative society and 61.54% of the members have not Member of another credit co-operative society means they are fulfilled their financial needs through ECCS only.
3. Out of opinion of members that, 83.07% members are participate in ECCS for the purpose to fulfill their requirement, 13.84% members participate in ECCS for saving purpose and 3.07% members are participate for other purpose.
4. It observe that 96.92% member have availing loan from ECCS of which they are member where as 3.08% of the members have not availed the loan from ECCS.
5. It observe that 63.07% members are renewed their loan instead of repayment of loan before completing the loan tenure and 36.93% member repayment their loan as per byelaws.

6. 69.23% member opined that, ECCS is provided loan very easily compared to other financial institution.
7. It observed that 72.30% have availed the loan for development of family i.e. children education, own education, Research and Medical aids, 4.61% member taken loan for the purpose of construction of house or purchase plot, 1.53% member taken loan for other purpose and 21.56% member taken loan for both the purpose.
8. 84.65% members have opined that the loan sanction within eight day's, 7.69% in 15 days and 7.66% in 30 days from submission of loan application.
9. ECCS give security for payment of loan taken by the member when the respective member will death due to any cause, at that time the society have waived the members loan or to adopt accidental insurance scheme for member. The insurance amount is utilized for repayment of members loan. It observes that 83.07% member have opined that the society has adopted various schemes for the payment of members loan due to death but 16.93% member expressed negative opinion.
10. Out of 100 members inquired into 84.61% of the member have expressed their positive view regarding ECCS provide the member welfare scheme but 15.39% member have made their opinion negative.

Understanding efficiency of ECCs through Member:

The researcher has analysed the opinion of members of ECCS through questionnaire as follows for understanding the efficiency of Employees Credit Cooperative Societies (ECCS) from perspectives of its members.

1) Members and Membership

The researcher has inquired into the member about the span of membership in the ECCS. Out of 100 Members inquired into it observed that 39.06% Members are more than 20 years of their membership and only up 6.25% members are below the age of membership of 5 years.

Out of above members 38.06% are the members of another credit co-operative society and 61.54% of the members have not Member of another credit co-operative society means they are fulfilled their requirement through ECCS only.

About 83.07% Members have taken membership for fulfillment their basic needs and 16.93% for the saving purpose.

2) Members Availing Loan

The researcher has inquired into the members as to whether loan was taken by them or not. The results of the inquiry are shown in the above Table It observe that 96.92% have availing loan from the ECCS of which they are member where as 3.08% of the members have not availed the loan.36.93% Member have paid their loan in stipulated period and 63.07% member used the practice of renew of the loan.

3) Purpose and Use of Loans

Normally it is expected that ECCS should give loans to members for solving their financial problems. The results of the inquiry are shown in above table. Out of 100 Members, it was observed that 72.30% have availed the loan for development

of family i.e. children education, own education, Research and Medical aids. 27.70% loans were taken for the purpose of construction of house or purchase plot.

4) Difficulties in Sanctioning the Loan

Out of the 100 members inquiry was observed that 98.46% of the members have not experienced any difficulties in sanctioning loan but 1.54% of the members have reported that they have experienced some difficulties.

5) Period of Loan Sanctioning

Out of 100 Members inquired into 84.62% members have opined that the loan sanction within eight day's from submission of loan application but 15.38% of the members have get their loan 15-30 day's from submission of loan application.

6) Democratic Management

The researcher has inquired into regarding the regularity of the various meetings. The result of the inquiry are shown in the above table .Out of 100 Member inquired into 98.46 of the members have replied that the meetings of the ECCS are held regularly however 1.54% of them have stated that the same are not held regularly. Out of 100 Member inquired into 93.84% of the members have participated and suggested their opinion in the general meeting but 6.16% member have not participated in any matter of the ECCS.

7) Directorship

The Members have any time worked as a director. The results of the inquiry are shown in above table ,out of the 100 Member inquired into 35.38% of the member have stated that they have worked as the director of the societies of which they are members, however 64.62% of the members have stated that they have never worked as directors.

8) Books of Accounts

The members regarding the accounts out of 100 members inquired into 78.46% of the members stated that the accounts of ECCS prepared by eminent personality from member. However 21.54% of the members stated that the books of accounts kept by outsider.

9) Self-Reliant/Owned Funded

Out of 100 Members inquired into 80% of the ECCS were self-reliant and remaining 20% member have opined negatively in respect of owned funded ECCS.

10) Problems with ECCS

The ECCS are faced the following problems

- a) Minimum Capital
- b) Lack of Skilled staff
- c) Control of mother organizational employer

Out of 100 members, 83.07% of the members expressed that the ECCS are faced the problem of minimum capital, 3.07% of the member opined that ECCS are faced the problems of lack of skill staff and 13.86% of member opined the ECCS faced the problem of control of employer.

11) Attitude of office bearers and Overall working of ECCS

The researcher has also inquired into member's opinion regarding attitude of office bearer and overall working of the ECCS, out of 100 members inquired into it

observed that 87.69% of the member have expressed positive opinion about the attitude of office bearer and 12.31% of the members have expressed negative opinion.

12) Welfare Activities

Member's welfare activities are to be undertaken by the societies from the surplus profit. Following welfare activities are undertaken in opinion of members.

- i. Awards and Scholarship to merit holding wards.
- ii. Family get together
- iii. Participation in co-operative seminar and workshop
- iv. Diwali gift
- v. Free sugar/eatable oil/Note-book provided to members
- vi. Donation to social activities
- vii. Financial assistance to nominee of deceased member etc.

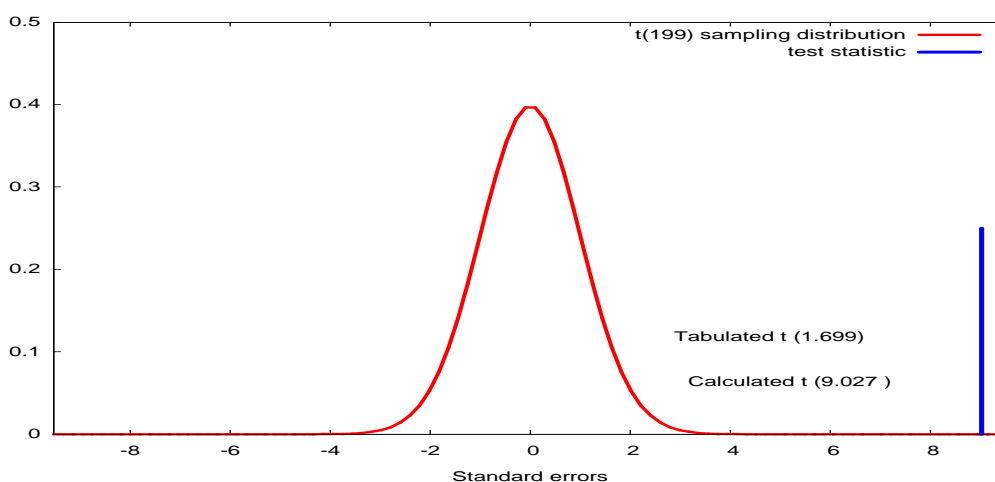
Out of 100 members inquired into 84.61% of the member have expressed their positive view regarding ECCS provide the member welfare scheme but 15.39% member have made their opinion negative. In case of any member will not be in position to pay the members loan due to death. 83.07% member opined that the ECCS would make provision for to meet the loan of in death's member. And remaining 16.93% members expressed their negative opinion regarding provision of over dues of death member. Most of ECCS has adopted free general insurance scheme for members against their loan.

Testing of Hypotheses:

From above table we can see that, the actual mean is 1.14 per cent, it is greater than 1 (Null Hypothesis mean) where the value of t was 9.027 greater than t_{α} as identified in following Figure hence, the level of availability of this determinant was 57 per cent, which denotes that this determinant is located within the acceptable level. Therefore, the alternative hypothesis is rejected and the null hypothesis is accepted, which states that; "ECCS in Ahmednagar District have a noteworthy contribution by catering to the needs of member employees".

One-Sample Statistics

	N	Mean	Std. Deviation	t	df	Sig. (1-tailed)	%
H1	200	1.14	0.22	9.027	199	0.000	57



6) CONCLUSION

This research paper has attempted to evaluate the contribution made by ECCS for the fulfillment the requirements of Members employees. From this observation of the sample for the period under study it becomes clear that the ECCS has fulfilled needs of members. Thus ECCS play vital role in development of employees financial conditions and they are fulfilling the objectives for which they were formed. 73.84% members of ECCS fulfilled their financial needs through ECCS. From the above opinion expressed by the member it can be concluded that the overall management and working of the ECCS is satisfactory.

The success of employees' credit societies can be alternatively judged by the satisfaction of members. The researcher felt the degree of satisfaction expressed by majority members. The feel was very warm and hearty, mostly unworthy of quantification.

References:

1. Mahfoozur Rahman (1986): "Co-operative credit and agricultural development". Sultan Chand and Sons, New Delhi.
2. Dash D.K (2000)' Financial Evaluation through ratio Analysis- A case study of Nava Nagar Cooperative bank, Jamnagar, Gujarat", (as Kolher has been quoted) Indian cooperative Review,p163-170
3. Vanhorne James C. (1974) 'Financial management and policy', Prentice hall of India Pvt. Ltd. New Delhi p.40
4. Dr.V.K. Sawant, (2008): "Performance of Salary Earners Co-operative Bank in Maharashtra". The Maharashtra co-operative Quarterly, Jan-March, 2007, vol-178 p.15-18.
5. Economic survey of Ahmednagar District 2002-03 to 2006-07
6. Co-operative Movement at a glance in Maharashtra-2002-03 to 2006-07.

Webliography:

1. www.ahmednagar.com
2. www.ncui.net.in
3. www.vamnicom.org
4. www.nabardorg.com
5. www.maharashtra.gov.in